

# GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

## FISCAL ANALYSIS MEMORANDUM

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. This is not an official fiscal note. If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

**DATE:** July 15, 2015  
**TO:** Senate Finance Committee  
**FROM:** Lisa Hollowell  
 Fiscal Research Division  
**RE:** ABE Act

FISCAL IMPACT					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
<b>State Impact</b>					
General Fund Revenues:	to	to	to	to	to
General Fund Expenditures:	\$92,784.0 to \$930,708.3	\$93,112.2 to \$588,361.0	\$94,412.8 to \$547,121.0	\$95,875.1 to \$557,985.0	\$97,211.6 to \$568,179.0
Special Fund Revenues:	to	to	to	to	to
Special Fund Expenditures:	to	to	to	to	to
State Positions:	to	to	to	to	to
<b>NET STATE IMPACT</b>	<b>(\$92,784.0) to (\$930,708.3)</b>	<b>(\$93,112.2) to (\$588,361.0)</b>	<b>(\$94,412.8) to (\$547,121.0)</b>	<b>(\$95,875.1) to (\$557,985.0)</b>	<b>(\$97,211.6) to (\$568,179.0)</b>
<b>Local Impact</b>					
Revenues:	to	to	to	to	to
Expenditures:	to	to	to	to	to
<b>NET LOCAL IMPACT</b>	<b>\$0.0 to \$0.0</b>	<b>\$0.0 to \$0.0</b>	<b>\$0.0 to \$0.0</b>	<b>\$0.0 to \$0.0</b>	<b>\$0.0 to \$0.0</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>					
Department of State Treasurer					
<b>EFFECTIVE DATE:</b> When bill becomes law.					
<b>TECHNICAL CONSIDERATIONS:</b>					
Yes - See Technical Considerations Section					

## BILL SUMMARY:

Directs the Department of State Treasurer (DST) to implement and administer the Achieving a Better Life Experience (ABLE) Act. The ABLE Act allows qualified individuals and their families to set up trust funds for the purpose of saving private dollars and using those to pay for disability-related expenses. Qualified individuals have medically determinable physical or mental impairments or who are blind and/or disabled. The trust fund contributions are to be invested and managed by the DST or through contract with investors who meet specific financial requirements.

## ASSUMPTIONS AND METHODOLOGY:

- Fiscal Research Division does not have an estimate available on the cost for DST to implement and manage this new fund. The ABLE Act was enacted by US Congress in

December 2014; the regulation and federal guidance is still forthcoming to states. It is unknown how many individuals in North Carolina will establish accounts and what the additional workload will be at DST. Therefore, the summary table assumes at least one manager position on the low end of the range-of-costs and four positions (DST's estimate) at the high end of range-of-costs. There will be a fee structure in place that will help defray the costs of management of this program.

- The North Carolina Department of State Treasurer estimates they will need operating funds and four positions to operate the program. The positions include: one Attorney, Administrative Support Technician, Economic Development Manager, and Information and Communications Specialist. The operating costs include: consultative fees, legal, financial/auditing, and IT.

**SOURCES OF DATA:**

North Carolina Department of State Treasurer

<https://www.congress.gov/bill/113th-congress/house-bill/647>

Special Needs Alliance

Virginia College Savings Plan

**TECHNICAL CONSIDERATIONS:** The bill states that the effective date is when the bill becomes law; however, this will not be available to the public immediately. There will need to be some time allowed to establish program management guidelines internally at DST once federal guidelines are issued, address information technology needs, and other operational start-up in advance of these accounts being available to the public.